





Great Eastern Takaful Berhad Investment-Linked Funds



We help people help each other in times of need.

Because WE can



Our Time is Now!

Statement by the Manager and
Audited Financial Information
31 December 2018



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A large, stylized letter 'C' is formed by two thick, curved lines. The top half is teal and the bottom half is green. Two hands are shown shaking, with the left hand in teal and the right hand in green, positioned as if they are holding or supporting the 'C'.

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CEO'S MESSAGE

SHHRUL AZLAN SHAHRIMAN
Chief Executive Officer

Dear Valued Unitholders,

The year 2018 was a very challenging year amidst an unprecedented change in Malaysia's political landscape. Malaysia voted for change in government for the first time since its independence in 1957. On top of that, on the global front, trade conflict between the two biggest economies USA and China rattled global financial markets and raised concerns about sustainability of global economic growth.

CEO'S MESSAGE (cont'd)

As a result, our Dana i-Mekar generated a return of -11.2% albeit outperforming FBM Emas Shariah (FBMS) Index by 233bps. Meanwhile Dana i-Majmuk, a balanced fund, fared better, producing -4.4% return where it outperformed the weighted benchmark (FBMS & 12 month deposit) by 91bps. Nevertheless, Dana i-Makmur, a fixed income fund, generated a return of +5.4% vs its benchmark (12-month Mudharabah Deposit) return of 2.9%.

In today's technology-driven world, demand for new innovations and fast technology adoption increases. Technology has handed consumers unprecedented power to dictate the rules in purchasing goods and services. Three-quarters of all research finds, expect "now" service within minutes of making contact online. With this in mind, Great Eastern Takaful Berhad (GETB) seeks a pivotal role in this change and aims to become the trusted partner and your first choice for your protection. 2018 witnessed the launch of i-Get In Touch, the all-new online portal dedicated to GETB's customers. You may now access and check your certificate details, update personal information, as well as applying for a new plan by logging on to this brand new portal. In fact, you may download this Annual Investment-Linked Fund Performance report from the portal, which is in line with the company's Go Green initiative.

The year 2019 will see GETB continuing to embrace decisions that will deliver more innovative products and services. We are determined to deliver on the trust bestowed upon us to enhance GETB's leadership position in the local Takaful sector. GETB's purpose – "We help people help each other in times of need. Because we can" – captures the essence of our business philosophy and affirms the integral relationship we have in contributing to your health and financial protection, our employees and local communities.

On behalf of Great Eastern Takaful Berhad, I would like to take this opportunity to offer you my greatest appreciation for your continued support. The year ahead will bring its own challenges but I'm sure by working together and keeping focused on our priorities, we will realise our ambitions. May Allah SWT give us His guidance in all our future undertakings, Aamiin.

Wassalamualaikum warahmatullahi wabarakatuh.

Thank you

For Great Eastern Takaful Berhad,

SHAHRUL AZLAN SHAHRIMAN

Chief Executive Officer

ASSET LIABILITY COMMITTEE

Members of The Committee

Shahrul Azlan bin Shahrman *(Chairman)*

Chief Executive Officer, Great Eastern Takaful Berhad

Jasveen Kaur Marne

Chief Financial Officer, Great Eastern Takaful Berhad

Mohd Khalid bin Khairullah

Appointed Actuary, Great Eastern Takaful Berhad

Goh Pei Kuan

Vice President, Equity Fund Manager, Great Eastern Life (Malaysia) Berhad

Teo Chun Seng

Vice President, Risk Management and Compliance, Great Eastern Life (Malaysia) Berhad

Nurul Sheila Khalib

Assistant Vice President, Head of Product Management, Great Eastern Takaful Berhad

Shariah Committee

Members of The Committee

Dr. Akhtarzaite binti Abdul Aziz *(Chairman)*

Prof. Dato' Dr. Wan Sabri bin Wan Yusof

Dr. Mohamad Sabri bin Zakaria

Assoc. Prof. Dr. Siti Salwani binti Razali

Assoc. Prof. Dr. Suhaimi bin Ab Rahman

Dr. Mohammad Firdaus bin Mohammad Hatta

FUND OBJECTIVES

i-Makmur Fund

A fund which invests in Islamic fixed income securities, for example government and corporate sukuk (ranging from 40% to 100%) as well as Islamic deposits. This fund seeks to provide consistent return at low levels of volatility. Although the fund invests mainly in Malaysia, it may also partially invest in foreign Shariah approved fixed income securities (up to 50%) to enhance the fund's returns. Dana i-Makmur only invests in Shariah-compliant securities.

i-Mekar Fund

A fund where investments are in Shariah-compliant equities (ranging from 80% to 100%), which may be volatile in the short term, as well as Islamic deposits. This fund seeks to achieve medium to long-term capital appreciation. Although the fund invests mainly in Malaysia, it may partially invest in Singapore (up to 25%) and Hong Kong (up to 25%), if and when necessary, to enhance the fund's returns. Dana i-Mekar only invests in Shariah-compliant securities.

i-Majmuk Fund

A fund which invests in a mixture of Shariah-compliant equities, Islamic fixed income securities and Islamic deposits. There is flexibility in asset allocation as this fund may invest solely in Islamic fixed income securities or Shariah-compliant equities. This fund seeks to provide medium to long-term capital appreciation, with a moderate level of volatility. Dana i-Majmuk only invests in Shariah-compliant securities.

INVESTMENT REVIEW AND OUTLOOK

2018 Equity Market Review

2018 was a challenging year for equities with the MSCI World Index Total Return (USD) posting a loss of 8.2%. The continued escalation of trade tensions between China and US appeared to be one of the key drivers for the poor performance for equity markets in the year. For the first eight months, markets were buoyed by a relatively positive US market riding on strong economic data, a confident Federal reserve and improving corporate earnings. This was despite relative weakness in Asia Ex-Japan driven by China, sparked by growing pressures from the trade war with the US and a slowing local economy. European markets showed benign performance with decent economic data balanced by changes in governments and looming concerns over Brexit. Global markets however, took a turn for the worse in September when the US imposed a 10% tariff on USD200.0 billion worth of Chinese imports. A synchronised fall in global markets ensued as global growth was called into question. Despite a deal to temporarily freeze further tariffs was achieved in December, equity markets never recovered.

Over in Asia, the Morgan Stanley Capital International Asia Ex Japan (“MSCI Asia Ex Japan”) Total Return Index (USD) fell by 14.4%, underperforming the MSCI World. China led the decline with the Shanghai Composite Total Return index closing the year down 22.7% as its economy continued to moderate from local economic reforms, property measures, and deleveraging of the economy. In addition, the US-China trade war brought further uncertainty and negativity to the growth outlook for the entire region.

Domestically, the FTSE Bursa Malaysia EMAS Shariah Index (FBMS) and FBMS Total Return delivered a decline of 13.5% and 11.3% respectively. The market performed relatively well in the first half of the year, riding on a build-up in positive sentiment, and strong growth data from both the local and regional front, while improvement in oil prices and strengthening MYR continued to fuel market optimism. However, market took a turn in the second half as the market took a synchronised fall with the rest of the world as US-China tensions escalated. Among other factors were the disappointing corporate earnings, policy uncertainties while economic indicators were weak. The best performing sectors for the year were oil and gas, gloves and consumer staples. The worst performing indices are those in the telecommunications and construction.

Investment Review and Outlook (cont'd)

2019 Equity Market Outlook

We expect the domestic equities market to be lacklustre with mid-single digit return for 2019 on the back of a synchronised global economic slowdown and a lack of domestic growth catalysts. Given the fiscal tightening and lack of pro-growth economic policies in the near term, domestic corporate earnings are expected to register unexciting low single digit growth this year. Meantime, the external headwinds remain the US China trade war and a slowing Chinese economy. Key themes driving the market are (1) beneficiaries of a weaker USD, (2) beneficiaries and losers of trade war, (3) GLCs restructuring and divestment, and (4) domestic policy risk. Meantime, the domestic market valuation is not expensive, and has retraced to mean price earnings ratio after a negative return in 2018. In terms of strategy, we are targeting a neutral weighting for life funds and Investment-Linked Funds. Key risks are the escalation of a trade war and geo-political tension.

2018 Fixed Income Market Review

Market volatility returned in 2018 across asset classes across the globe. While the US central bank, the Federal Reserve (“Fed”) delivered four interest rate hikes in 2018 as the economy continued the growth trajectory, the Fed members revised down projections of further rate hikes from three to two in 2019. Market has taken the revision as a signal of the Fed nearing the end of its rate hike cycle. As latest global economic data is starting to show some weakness, coupled with the unsettling trade tensions between the two biggest world economies, some are trying to find reasons to justify if global growth is at some inflection points and if recession will follow.

Dollar strength was another major theme in 2018, in tandem with continual interest rate hikes in the US. While other economies were showing slowing growth momentum, emerging market currencies depreciated against the USD. This intensified selling of financial assets from emerging markets, including Malaysia. Foreign holdings in Malaysian Government Islamic Securities (“MGII”) declined by RM2.6 billion for the year. However, the prices of MGII were supported due to strong local buying. Ringgit fared better compared to regional peers in 2018, reflecting Malaysia’s healthy economic fundamentals and stable banking system.

Meanwhile, the momentous GE14 results brought along uncertainties in terms of potential major policy changes and concerns on the effectiveness and efficiencies of the new government. Post GE14, the market then looked to Budget 2019 for direction. The budget turned out to be less punitive than feared, despite earlier hints that the people had to make sacrifices. Nonetheless, the larger than expected fiscal deficits and perceived higher reliance on the country’s oil revenue at a time when oil prices were declining below the government’s forecasted level, intensified fears of potential negative rating reactions by the international rating agencies. While both S&P and Moody’s have since reaffirmed Malaysia’s rating at A- and A3 respectively, oil prices and demonstration of fiscal discipline by the new government will continue to be scrutinised.

2019 Fixed Income Market Outlook

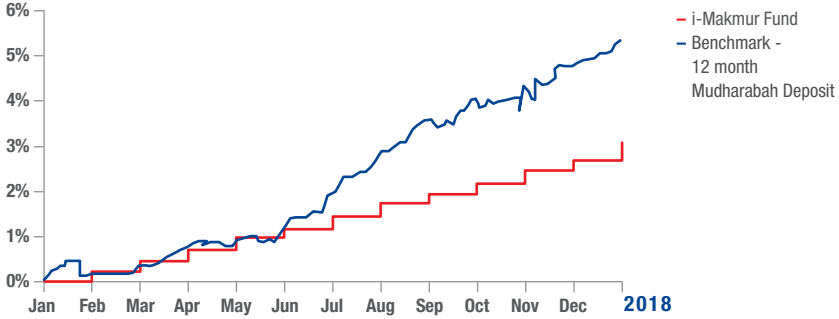
With the Fed likely close to the end of its rate-hike cycle, coupled with a moderating global growth outlook, including that of Malaysia, sukuk investors are looking at potentially a lower interest rate environment going forward, which is positive for sukuk prices. Nonetheless, uncertainties remain, given the ongoing China-US trade tensions, geo-political issues in the oil industry, slowing growth in China, the unsealed Brexit deal, and idiosyncratic risks coming from Euro Zone, such as Italy. Meanwhile, emerging market currencies may enjoy some relief if US economic outperformance begins to fade, leading to weaker USD.

On the domestic front, only a modest slowdown is expected with growth projected to still be a decent 4.90%, supported by robust domestic demand. Inflation is also expected to remain manageable in 2019. Hence, consensus is for the OPR to remain unchanged.

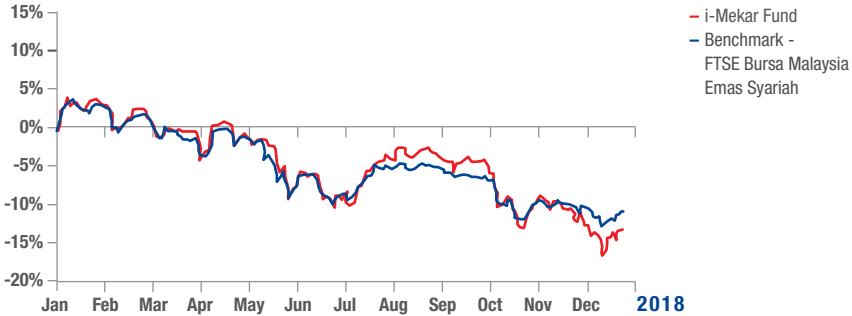
One risk to watch out for in 2019 will be oil prices. Given the country's fiscal position, concerns over potential downgrades of the sovereign rating by international rating agencies could resurface if oil prices continue to fall and stay low for a longer period. However, domestic liquidity, as observed from the orders received in auctions of government securities and the number of private placements lined up, will continue to be a source of support for the Malaysian sukuk market.

2018 FUND PERFORMANCE

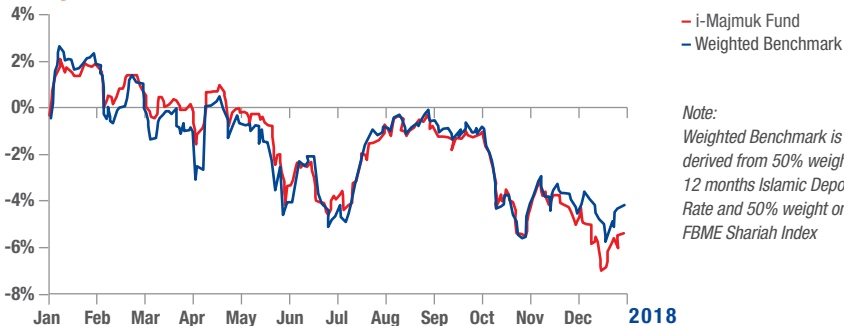
i-Makmur Fund



i-Mekar Fund



i-Majmuk Fund



FUNDS COMPARATIVE PERFORMANCE

i-Makmur Fund

(i) Composition of fund according to industry sectors and category of investments:

	2018 (RM)	2018 (%)	2017 (RM)	2017 (%)	2016 (RM)	2016 (%)	2015 (RM)	2015 (%)	2014 (RM)	2014 (%)
Corporate Sukuks & Hybrid Capital										
Market Instruments										
Construction	6,055,890	11.45%	1,493,700	3.88%	1,441,230	4.70%	1,489,425	7.45%	1,495,200	10.55%
Financial	19,174,715	36.24%	4,078,340	10.59%	4,049,105	13.21%	5,501,005	27.51%	2,814,385	19.86%
Highway	696,088	1.32%	856,816	2.23%	6,353,116	20.73%	4,315,741	21.58%	485,583	3.43%
Properties	2,622,958	4.96%	7,599,604	19.74%	-	-	-	-	1,309,482	9.24%
Retail	1,002,460	1.89%	1,001,500	2.60%	-	-	-	-	-	-
Plantation	-	-	-	-	-	-	508,560	2.54%	2,519,465	17.77%
Power	3,872,802	7.32%	3,756,620	9.76%	-	-	500,100	2.50%	1,108,548	7.82%
Telecommunication	-	-	-	-	-	-	1,502,385	7.51%	-	-
Investment Holding	904,977	1.71%	-	-	5,025,950	16.40%	-	-	-	-
Transport	1,277,748	2.41%	5,257,760	13.66%	1,239,960	4.05%	1,199,988	6.00%	1,303,861	9.20%
Utilities	-	-	-	-	3,926,578	12.81%	4,058,000	20.29%	888,051	6.27%
Motor	-	-	4,028,320	10.46%	997,870	3.26%	-	-	-	-
Total	35,607,638	67.30%	28,072,660	72.92%	23,033,809	75.16%	19,075,204	95.40%	11,924,575	84.14%
Low risk assets										
Government investment issues	-	-	7,138,670	18.54%	1,914,420	6.25%	-	-	-	-
Islamic investment accounts with licensed Islamic Banks	16,000,000	30.24%	3,000,000	7.79%	4,950,000	16.15%	900,000	4.50%	2,240,000	15.80%
Bank balances	189,422	0.36%	149,713	0.39%	67,300	0.22%	47,385	0.24%	45,500	0.32%
Other assets/(liabilities)	1,113,200	2.10%	140,047	0.36%	679,692	2.22%	(24,931)	-0.12%	(35,837)	-0.26%
Total	52,910,260	100.00%	38,501,090	100.00%	30,645,221	100.00%	19,997,658	100.00%	14,174,238	100.00%

Funds Comparative Performance (cont'd)

i-Mekar Fund

j) Composition of fund according to industry sectors and category of investments:

Shariah-approved equities

	2018 (RM)	2018 (%)	2017 (RM)	2017 (%)	2016 (RM)	2016 (%)	2015 (RM)	2015 (%)	2014 (RM)	2014 (%)
Agriculture & Mining	12,660,309	10.55%	3,257,020	3.49%	6,006,440	10.15%	3,213,700	8.19%	-	-
Building Materials	2,272,998	1.89%	1,490,335	1.60%	1,731,510	2.93%	-	-	4,885,000	13.65%
Conglomerate	7,247,585	6.04%	2,980,236	3.19%	6,859,137	11.59%	1,191,518	3.04%	1,516,350	4.24%
Construction	3,031,554	2.53%	7,481,066	8.02%	4,411,081	7.45%	4,684,000	11.94%	-	-
Financial Services	1,753,300	1.46%	-	-	-	-	-	-	-	-
IT Services	736,274	0.61%	-	-	-	-	-	-	-	-
Infrastructure	1,432,995	1.19%	-	-	-	-	-	-	-	-
Motor	8,816,226	7.35%	3,466,960	3.71%	-	-	-	-	-	-
Oil & Gas	18,276,721	15.23%	13,274,437	14.22%	7,155,620	12.09%	5,203,550	13.26%	3,548,134	9.91%
Resource-based	-	-	-	-	-	-	-	-	2,688,000	7.51%
Others - Mfg	1,567,500	1.31%	10,182,110	10.91%	3,733,091	6.31%	3,643,400	9.28%	-	-
Property	12,103,490	10.09%	9,261,802	9.92%	6,188,524	10.46%	1,073,928	2.74%	4,699,500	13.13%
Technology	-	-	6,903,658	7.40%	-	-	458,000	1.17%	-	-
Telecommunication	9,844,184	8.20%	11,003,609	11.79%	4,780,569	8.08%	7,055,805	17.98%	4,104,935	11.47%
Transport	2,827,400	2.36%	-	-	-	-	2,061,400	5.25%	2,308,500	6.45%
Utilities	13,981,620	11.65%	10,157,525	10.88%	5,091,570	8.60%	1,998,000	5.09%	3,580,750	10.01%
Others	3,131,590	2.61%	792,858	0.85%	2,658,434	4.49%	1,316,000	3.35%	1,564,500	4.37%
Total	99,683,746	83.07%	80,251,616	85.98%	48,615,976	82.15%	31,899,301	81.29%	28,895,669	80.74%

Islamic investment accounts with

licensed Islamic Banks

Bank balances	22,900,000	19.08%	15,600,000	16.72%	11,900,000	20.11%	8,170,000	20.82%	8,220,000	22.97%
Other assets/(liabilities)	485,389	0.40%	338,298	0.36%	85,237	0.14%	41,898	0.11%	75,724	0.21%
	(3,073,118)	-2.55%	(2,865,257)	-3.06%	(1,414,545)	-2.40%	(865,300)	-2.22%	(1,404,185)	-3.92%
Total	119,996,016	100.00%	93,324,657	100.00%	59,186,668	100.00%	39,245,899	100.00%	35,787,208	100.00%

Funds Comparative Performance (cont'd)

i-Mekar Fund (cont'd)

	2018 (RM)	2018 (%)	2017 (RM)	2017 (%)	2016 (RM)	2016 (%)	2015 (RM)	2015 (%)	2014 (RM)	2014 (%)
(II) Total NAV	119,996,016	-	93,324,657	-	59,186,668	-	39,245,899	-	35,787,208	-
(III) Number of Units	82,486,914	-	57,005,278	-	40,832,991	-	27,222,102	-	26,328,038	-
(IV) NAV Per Unit	1.455	-	1.637	-	1.446	-	1.442	-	1.359	-
(V) Highest NAV per unit during the financial year	1.689	-	1.637	-	1.476	-	1.442	-	1.668	-
(VI) Lowest NAV per unit during the financial year	1.407	-	1.446	-	1.392	-	1.309	-	1.359	-
(VII) Total annual return of the fund (%)	-	-11.19%	-	14.27%	-	-1.11%	-	6.20%	-	-5.40%
Capital growth	-	-11.19%	-	14.27%	-	-1.11%	-	6.20%	-	-5.38%
(VIII) Total return (%)	-	-11.19%	-	14.27%	-	-1.11%	-	6.20%	-	-5.38%
One-year	-	0.35%	-	20.00%	-	-0.63%	-	28.83%	-	36.73%
Three-years	-	0.84%	-	45.57%	-	43.59%	-	44.19%	-	n/a
Five-years	-	0.84%	-	45.57%	-	43.59%	-	44.19%	-	n/a
(IX) Performance of relevant benchmark indices	-	-13.52%	-	10.72%	-	-6.14%	-	2.35%	-	-4.17%
- FBMS (%)	-	-10.13%	-	6.36%	-	-7.95%	-	11.11%	-	21.42%
One-year	-	-11.85%	-	15.47%	-	16.64%	-	27.27%	-	n/a
Three-years	-	-11.85%	-	15.47%	-	16.64%	-	27.27%	-	n/a
Five-years	-	-11.85%	-	15.47%	-	16.64%	-	27.27%	-	n/a

Funds Comparative Performance (cont'd)

i-Majmuk Fund

(l) Composition of fund according to industry sectors and category of investments:

Shariah-approved equities

	2018 (RM)	2018 (%)	2017 (RM)	2017 (%)	2016 (RM)	2016 (%)	2015 (RM)	2015 (%)	2014 (RM)	2014 (%)
Agriculture & Mining	2,107,700	4.31%	905,400	2.33%	493,000	1.86%	972,350	5.22%	-	-
Building Materials	410,550	0.84%	625,348	1.61%	694,067	2.62%	-	-	2,119,500	11.91%
Conglomerate	1,233,250	2.52%	1,164,189	3.00%	2,148,875	8.12%	392,747	2.11%	551,400	3.10%
Construction	2,340,730	4.79%	1,749,933	4.51%	847,884	3.20%	1,823,800	9.79%	-	-
Financial Services	356,000	0.73%	-	-	-	-	-	-	-	-
IT Services	173,250	0.35%	-	-	-	-	-	-	-	-
Motor	2,653,000	5.42%	-	-	-	-	-	-	-	-
Oil & Gas	5,908,896	12.08%	2,692,796	6.94%	1,367,740	5.17%	2,024,500	10.86%	1,609,510	9.05%
Resource-based	-	-	-	-	-	-	-	-	555,578	3.12%
Others	1,130,400	2.31%	1,555,660	4.01%	-	-	756,700	4.06%	951,700	5.35%
Others - Mfg	-	-	2,689,987	6.93%	1,352,379	5.11%	1,894,500	10.16%	-	-
Property	1,684,150	3.44%	3,855,641	9.94%	1,901,601	7.19%	633,074	3.40%	2,053,992	11.55%
Technology	225,000	0.46%	2,861,100	7.37%	464,920	1.76%	227,500	1.22%	-	-
Telecommunication	3,438,450	7.03%	4,276,124	11.02%	1,457,183	5.51%	3,290,286	17.65%	2,504,400	14.08%
Trading & Retailing	245,700	0.50%	-	-	-	-	-	-	-	-
Transport	804,000	1.64%	-	-	-	-	843,300	4.52%	841,700	4.73%
Utilities	4,591,000	9.39%	3,952,985	10.19%	2,066,929	7.81%	865,800	4.65%	1,763,500	9.91%
Corporate Sukuks & Hybrid Capital Market Instruments	27,302,076	55.81%	26,329,163	67.87%	12,794,578	48.36%	13,724,557	73.64%	12,951,280	72.80%
Highway	2,110,640	4.32%	2,105,660	5.43%	2,085,900	7.88%	-	-	-	-
Utilities	-	-	-	-	1,974,060	7.46%	-	-	-	-
Property	1,000,270	2.04%	994,790	2.56%	994,520	3.76%	-	-	-	-
Motor	-	-	1,007,080	2.60%	997,870	3.77%	-	-	-	-
Low Risk Assets	3,110,910	6.37%	4,107,530	10.59%	6,052,350	22.87%	-	-	-	-
Others	1,021,550	2.09%	1,021,550	2.63%	1,017,050	3.84%	-	-	-	-
Islamic investment accounts with licensed Islamic Banks	19,600,000	40.06%	8,200,000	21.14%	6,850,000	25.89%	5,060,000	27.15%	4,980,000	27.99%
Bank balances	238,213	0.49%	124,182	0.32%	90,609	0.34%	31,252	0.17%	146,839	0.83%
Other assets/(liabilities)	(2,352,211)	-4.81%	(986,486)	-2.54%	(346,014)	-1.31%	(177,459)	-0.95%	(287,977)	-1.62%
Total	48,920,538	100%	38,795,940	100.00%	26,458,573	100.00%	18,638,350	100.00%	17,790,142	100.00%

Funds Comparative Performance (cont'd)

i-Majmuk Fund (cont'd)

	2018 (RM)	2018 (%)	2017 (RM)	2017 (%)	2016 (RM)	2016 (%)	2015 (RM)	2015 (%)	2014 (RM)	2014 (%)
(II) Total NAV	48,920,538	-	38,795,940	-	26,458,573	-	18,638,350	-	17,790,142	-
(III) Number of Units	35,373,529	-	26,874,550	-	20,510,812	-	14,271,398	-	14,611,519	-
(IV) NAV Per Unit	1.383	-	1.444	-	1.290	-	1.306	-	1.218	-
(V) Highest NAV per unit during the financial year	1.478	-	1.444	-	1.309	-	1.306	-	1.450	-
(VI) Lowest NAV per unit during the financial year	1.355	-	1.290	-	1.257	-	1.195	-	1.218	-
(VII) Total annual return of the fund (%) Capital growth	-	-4.38%	-	11.98%	-	-1.00%	-	6.83%	-	-5.59%
(VIII) Total return	-	-4.38%	-	11.98%	-	-1.00%	-	6.83%	-	-5.59%
One-year	-	6.00%	-	18.42%	-	-0.16%	-	21.97%	-	24.08%
Two to three-years	-	6.91%	-	35.21%	-	31.22%	-	30.16%	-	n/a
Five-years	-	-	-	-	-	-	-	-	-	-
(IX) Performance of relevant benchmark indices - Weighted Benchmark (%)	-	-	-	-	-	-	-	-	-	-
One-year	-	-5.29%	-	6.83%	-	-1.51%	-	2.78%	-	-0.48%
Two to three-years	-	-0.43%	-	7.96%	-	0.95%	-	10.52%	-	15.68%
Five-years	-	2.27%	-	16.08%	-	16.82%	-	22.12%	-	n/a

STATEMENT **BY THE MANAGER**

We, Shahrul Azlan Bin Shahrman and Jasveen Kaur Marne, do hereby state that, in the opinion of Great Eastern Takaful Berhad (“the Manager”), the accompanying financial information of the investment-linked funds of Great Eastern Takaful Berhad, comprising the i-Makmur Fund, i-Mekar Fund and i-Majmuk Fund set out on pages 21 to 51 have been prepared in accordance with the accounting policies as described in Note 2.2 to the financial information and the Guidelines on Investment-Linked Insurance/Takaful Business issued by Bank Negara Malaysia.

On behalf of the Manager,

Shahrul Azlan Bin Shahrman

Jasveen Kaur Marne

Kuala Lumpur, Malaysia
1 April 2019

SHARIAH COMMITTEE'S REPORT

To the unit holders of the investment-linked funds of Great Eastern Takaful Berhad,

We, Dr. Akhtarzaite binti Abdul Aziz and Dr. Mohamad Sabri bin Zakaria, being two of the members of the Shariah Committee of the i-Makmur Fund, i-Mekar Fund and i-Majmuk Fund (collectively known as “the Funds”) are of the opinion that Great Eastern Takaful Berhad (“the Manager”), has fulfilled their duties in the following manner for the financial year from 1 January 2018 to 31 December 2018.

In our opinion, for the year under review:

- a. The i-Makmur fund was invested in accordance with the list of Shariah-approved sukuk rated by Rating Agency Malaysia Berhad and Malaysian Rating Corporation Berhad;
- b. The i-Mekar fund was invested in accordance with the list of Shariah-approved equities published by Securities Commission Malaysia;
- c. The i-Majmuk fund was invested in accordance with the list of Shariah-approved equities published by Securities Commission Malaysia and the list of Shariah-approved sukuk rated by Rating Agency Malaysia Berhad and Malaysian Rating Corporation Berhad; and
- d. All earnings that have been realised from invested assets or by means prohibited by the Shariah principles have been considered for disposal to charitable causes.

Signed on behalf of the Shariah Committee,

Dr. Akhtarzaite binti Abdul Aziz

Dr. Mohamad Sabri bin Zakaria

Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT

to the unitholders of the Investment-linked Funds of
Great Eastern Takaful Berhad (Incorporated in Malaysia)

Report on the Audit of the Financial Information

Opinion

We have audited the financial information of i-Makmur Fund, i-Mekar Fund and i-Majmuk Fund (collectively referred to as “the Funds”), which comprise the statements of assets and liabilities as at 31 December 2018, and the statements of income and expenditure, statements of changes in net asset value of the Funds for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 21 to 51.

In our opinion, the accompanying financial information of the Funds for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the accounting policies as described in Note 2 to the financial information and the Guidelines on Investment-linked Insurance/Takaful Business issued by Bank Negara Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 2.1 to the financial information of the Funds, which describes the basis of accounting. The financial information of the Funds are prepared to assist the Funds in complying with the Guidelines on Investment-linked Insurance/Takaful Business issued by Bank Negara Malaysia. As a result, the financial information of the Funds may not be suitable for another purpose. Our report is intended solely for the unitholders of the Funds, as a body and should not be distributed to or used by parties other than the unitholders of the Funds. Our opinion is not modified in respect of this matter.

Independence and other ethical responsibilities

We are independent of the Funds in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Independent Auditors' Report (cont'd)
to the unitholders of the Investment-linked funds of
Great Eastern Takaful Berhad (Incorporated in Malaysia)

Information other than the financial information and auditors' report thereon

The directors of the Manager ("the directors") are responsible for the other information. The other information comprises the information contained in the Annual Report of the Funds, but does not include the financial information of the Funds and our auditors' report thereon.

Our opinion on the financial information of the Funds does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial information of the Funds, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial information of the Funds or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The directors are responsible for the preparation of financial information of the Funds that give a true and fair view in accordance with the accounting policies as described in Note 2 to the financial information and the Guidelines on Investment-linked Insurance/Takaful Business issued by Bank Negara Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial information of the Funds that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Funds, the directors are responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Funds or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report (cont'd)
to the unitholders of the Investment-linked funds of
Great Eastern Takaful Berhad (Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information of the Funds as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information of the Funds, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial information of the Funds or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report (cont'd)
to the unitholders of the Investment-linked funds of
Great Eastern Takaful Berhad (Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial information (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

AF: 0039

Chartered Accountants

Yeo Beng Yean

No. 03013/10/2020 J

Chartered Accountant

Kuala Lumpur, Malaysia

1 April 2019

STATEMENTS OF ASSETS AND LIABILITIES

as at 31 December 2018

Note	2018			2017			
	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM	
Assets							
Investments	3	51,607,638	122,583,746	51,034,636	38,211,330	95,851,616	39,658,243
Tax recoverable		-	562,618	-	-	-	-
Deferred tax assets	4	-	120,980	102,109	-	-	-
Other receivables	6	2,430,217	1,290,297	1,134,239	1,327,067	631,718	904,744
Cash and bank balances		189,422	485,389	238,213	149,713	338,298	124,182
Total assets		54,227,277	125,043,030	52,509,197	39,688,110	96,821,632	40,687,169
Liabilities							
Provision for taxation		192,817	-	84,961	188,049	224,149	81,731
Deferred tax liabilities	4	25,868	-	-	14,497	594,458	212,697
Other payables	7	1,098,332	5,047,014	3,503,698	984,474	2,678,368	1,596,801
Total liabilities		1,317,017	5,047,014	3,588,659	1,187,020	3,496,975	1,891,229
Net asset value of funds ("NAV")		52,910,260	119,996,016	48,920,538	38,501,090	93,324,657	38,795,940
Represented by:							
Unitholders' capital		45,567,344	124,792,712	46,921,038	33,227,154	85,085,344	34,723,235
Undistributed income		7,342,916	(4,796,696)	1,999,500	5,273,936	8,239,313	4,072,705
Total unitholders' account	5	52,910,260	119,996,016	48,920,538	38,501,090	93,324,657	38,795,940
Units in circulation	5	32,643,493	82,486,914	35,373,529	25,329,967	57,005,278	26,874,550
NAV per unit	5	1.621	1.455	1.383	1.520	1.637	1.444

The accompanying notes form an integral part of the financial information.

STATEMENTS OF INCOME AND EXPENDITURE

for the Financial Year Ended 31 December 2018

Note	2018			2017		
	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
Net investment income:						
Profit from Islamic deposits	229,303	661,071	405,473	119,541	357,469	176,175
Profit from Islamic private debt securities	1,370,891	-	172,740	1,344,248	-	215,591
Profit from government investment issues	491,907	-	44,139	179,811	-	43,781
Dividend income	-	2,735,517	910,541	-	1,826,381	637,848
Investment expenses	(6,749)	(729,044)	(270,038)	(6,720)	(433,271)	(159,052)
	2,085,352	2,667,544	1,262,855	1,636,880	1,750,579	914,343
Net gain on disposal of investments	537,576	-	1,239,251	886,636	3,963,977	1,149,640
Net unrealised investment gain	142,134	-	-	-	5,576,789	2,032,158
Other operating income	414	743	599	269	655	450
Total income	2,765,476	2,668,287	2,502,705	2,523,785	11,292,000	4,096,591
Net loss on disposal of investments	-	(5,474,581)	-	-	-	-
Net unrealised investment loss	-	(8,942,971)	(3,935,080)	(200,720)	-	-
Asset management charges	(213,163)	(1,490,992)	(530,129)	(171,402)	(1,072,564)	(398,529)
Other outgo	(272,599)	(974,734)	(304,142)	(570,203)	(1,980,699)	(631,350)
Total outgo	(485,762)	(16,883,278)	(4,769,351)	(942,325)	(3,053,263)	(1,029,879)
Excess of income over outgo/ (excess of outgo over income) before taxation	2,279,714	(14,214,991)	(2,266,646)	1,581,460	8,238,737	3,066,712
Taxation	(210,734)	1,178,982	193,441	(159,981)	(716,341)	(258,993)
Net income/(loss) for the year	2,068,980	(13,036,009)	(2,073,205)	1,421,479	7,522,396	2,807,719
Distributable income brought forward	5,273,936	8,239,313	4,072,705	3,852,457	716,917	1,264,986
Net income/(loss) for the year	2,068,980	(13,036,009)	(2,073,205)	1,421,479	7,522,396	2,807,719
Distributable income carried forward	7,342,916	(4,796,696)	1,999,500	5,273,936	8,239,313	4,072,705

The accompanying notes form an integral part of the financial information.

STATEMENTS OF CHANGES IN NET ASSET VALUE

for the Financial Year Ended 31 December 2018

	2018			2017		
	Unitholders' Distributable capital RM	Distributable income RM	Total RM	Unitholders' Distributable capital RM	Distributable income RM	Total RM
i-Makmur Fund						
NAV at the beginning of the financial year	33,227,154	5,273,936	38,501,090	26,792,764	3,852,457	30,645,221
Net income for the year	-	2,068,980	2,068,980	-	1,421,479	1,421,479
Amounts received from units created	16,633,462	-	16,633,462	10,982,295	-	10,982,295
Amounts paid for units cancelled	(4,293,272)	-	(4,293,272)	(4,547,905)	-	(4,547,905)
NAV at the end of the financial year	45,567,344	7,342,916	52,910,260	33,227,154	5,273,936	38,501,090

	2018			2017		
	Unitholders' Distributable capital RM	Distributable income RM	Total RM	Unitholders' Distributable capital RM	Distributable income RM	Total RM
i-Mekar Fund						
NAV at the beginning of the financial year	85,085,344	8,239,313	93,324,657	58,469,751	716,917	59,186,668
Net (loss)/income for the year	-	(13,036,009)	(13,036,009)	-	7,522,396	7,522,396
Amounts received from units created	49,282,889	-	49,282,889	32,344,954	-	32,344,954
Amounts paid for units cancelled	(9,575,521)	-	(9,575,521)	(5,729,361)	-	(5,729,361)
NAV at the end of the financial year	124,792,712	(4,796,696)	119,996,016	85,085,344	8,239,313	93,324,657

	2018			2017		
	Unitholders' Distributable capital RM	Distributable income RM	Total RM	Unitholders' Distributable capital RM	Distributable income RM	Total RM
i-Majmuk Fund						
NAV at the beginning of the financial year	34,723,235	4,072,705	38,795,940	25,193,587	1,264,986	26,458,573
Net (loss)/income for the year	-	(2,073,205)	(2,073,205)	-	2,807,719	2,807,719
Amounts received from units created	15,039,630	-	15,039,630	11,661,061	-	11,661,061
Amounts paid for units cancelled	(2,841,827)	-	(2,841,827)	(2,131,413)	-	(2,131,413)
NAV at the end of the financial year	46,921,038	1,999,500	48,920,538	34,723,235	4,072,705	38,795,940

The accompanying notes form an integral part of the financial information.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

1. The Manager and its Principal Activities

The i-Makmur fund, i-Mekar fund and i-Majmuk fund (collectively known as “the Funds”) are managed by Great Eastern Takaful Berhad (“the Manager”). The Manager is a public limited liability company, incorporated under the Companies Act, 2016 and domiciled in Malaysia. Its principal activity is the managing of family takaful business including takaful investment-linked business.

The financial information were authorised for issue by the Asset Liability Committee of the Manager in accordance with a resolution on 1 April 2019.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial information of the Funds have been prepared in accordance with the accounting policies described in Note 2.2 to the financial information and the Guidelines on Investment-linked Insurance/Takaful Business issued by Bank Negara Malaysia (“BNM”).

The financial information have been prepared under the historical cost convention except as disclosed in the significant accounting policies in Note 2.2 to the financial information.

The financial information are presented in Ringgit Malaysia (“RM”), which is the Funds’ functional currency.

2.2 Summary of Significant Accounting Policies

(a) Revenue Recognition

Prior to 1 January 2018, revenue is recognised to the extent it is probable that the economic benefits will flow to the Funds, and the amount of the revenue can be measured reliably. Subsequent to 1 January 2018, revenue is recognised at an amount that reflects the consideration to which the Funds expects to be entitled when a performance obligations is satisfied. Revenue is measured at the fair value of consideration received or receivable.

- i. Profit income is recognised on a time proportion basis that takes into account the effective yield of the asset.
- ii. Dividend is recognised when the right to receive payment is established.
- iii. Net proceeds arising from the disposal of investments are set off against the weighted average cost of investments. The resulting gains or losses are taken to statements of income and expenditure.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(b) Investment Charges

Investment charges are calculated in accordance with the provisions of the certificate document.

(c) Net Creation of Units

Net creation of units represents contribution paid by unitholders as payment for a new contract or subsequent payments to increase the amount of that contract. Net creation of units is recognised on a receipt basis.

(d) Net Cancellation of Units

Net cancellation of units represents cancellation of units arising from surrenders and withdrawals. Net cancellation of unit is recognised upon surrendering of or withdrawal from the related takaful contract.

(e) Income Tax

Income tax in the statements of income and expenditure for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statement of assets and liabilities. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the statements of income and expenditure.

Notes to the Financial Statements (cont'd)
31 December 2018

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(f) Financial Assets

Financial assets are recognised in the statement of financial position when, and only when, the Company has become a party to the contractual obligations of the instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Prior to 1 January 2018, the Funds determine the classification of the financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held to maturity financial assets and available-for-sale financial assets. Subsequent to 1 January 2018, the Funds determine the classification of the financial assets at initial recognition, and the categories include financial assets at FVTPL, fair value through other comprehensive income ("FVOCI") or at amortised cost.

Financial assets that are held for trading or managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. All other financial assets of the Funds have been classified as financial assets carried at amortised cost.

Subsequent to initial recognition, asset carried at amortised cost are measured at amortised cost using the effective profit method, less allowance for impairment. Gains and losses are recognised in the statements of income and expenditure when the asset is derecognised or impaired, and through the amortisation process.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in the statements of income and expenditure.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(g) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of assets and liabilities when the Funds become a party to the contractual obligations of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

All financial liabilities of the Funds have been classified as other financial liabilities.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective yield method. The gains and losses for other financial liabilities are recognised in the statements of income and expenditure when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. The gains or losses are recognised in the income statement.

(h) Impairment of financial assets (Policy applicable before 1 January 2018)

The Funds assess at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Impairment loss is recognised when there is objective evidence that an impairment loss on financial assets has been incurred. The Funds consider such factors such as the probability of insolvency or significant financial difficulties of the contracting party and default or significant delays in payments. If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective profit rate. The impairment loss is recognised in the statements of income and expenditure.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in statements of income and expenditure.

Notes to the Financial Statements (cont'd)
31 December 2018

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(i) Impairment of financial assets (Policy applicable after 1 January 2018)

The Funds recognise loss allowances for expected credit losses (“ECL”) on the following financial instruments that are not measured at FVTPL:

- (i) Islamic private debt instruments measured at FVOCI;
- (ii) Loans and receivables measured at amortised cost; and
- (iii) Financing commitments.

The Funds assess on a forward looking basis the ECL associated with its financing and Islamic debt instruments carried at amortised cost and FVOCI and its financing commitments. For trade and takaful receivables, the Funds measure the loss allowance at an amount equal to the lifetime ECL. The Funds recognise a loss allowance for ECL at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Funds measure loss allowances at an amount equal to lifetime ECL, except for financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL represents the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(i) Impairment of financial assets (Policy applicable after 1 January 2018)

Modified financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected modification will not result in derecognition of the existing asset, and then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected modification will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Funds assess whether financial assets measured at amortised cost and debt financial assets measured at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Funds consider factors as evidence that a financial instrument is credit impaired:

- A breach of contract such as default or past due event;
- The disappearance of an active market for a security because of financial difficulties.

Notes to the Financial Statements (cont'd)
31 December 2018

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(j) Other Receivables

Other receivables are non-derivative financial assets with fixed or determinable payments. These include balances due from brokers and other investment receivables. Receivables are recognised initially at fair value.

Receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(k) Other Payables

Other payables are recognised initially at fair value plus directly attributable transaction costs, and are subsequently measured at amortised cost using the effective profit rate method.

Payables are derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the statements of income and expenditure when the liabilities are derecognised, and through the amortisation process.

(l) Unitholders' Account

Unitholders' account of the Funds represent equity instruments in the statements of assets and liabilities.

(m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments with original maturity of three months or less that are readily convertible to a known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Foreign Currency Transactions

In preparing the financial statements of the Funds, transactions in currencies other than the Funds' functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items are included in the statements of income and expenditure for the year.

The principal exchange rate for every unit of Singapore Dollar ruling at the reporting date used is RM3.03 (2017: RM3.03).

3. Investments

	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
2018			
(a) Financial assets at amortised cost			
Islamic investment accounts with licensed Islamic banks	16,000,000	22,900,000	19,600,000
(b) FVTPL			
Quoted Shariah-approved equities			
- Quoted in Malaysia	-	94,854,934	26,828,202
Financial instruments with embedded derivatives	-	-	5,874
Unit trusts - REITS	-	4,828,812	468,000
Government investment issues	-	-	1,021,650
Unquoted Islamic private debt securities	35,607,638	-	3,110,910
	35,607,638	99,683,746	31,434,636
	51,607,638	122,583,746	51,034,636
	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
2017			
(a) LAR			
Islamic investment accounts with licensed Islamic banks	3,000,000	15,600,000	8,200,000
(b) FVTPL			
Quoted Shariah-approved equities			
- Quoted in Malaysia	-	77,953,158	25,693,068
Unit trusts - REITS	-	2,298,458	636,095
Government investment issues	7,138,670	-	1,021,550
Unquoted Islamic private debt securities	28,072,660	-	4,107,530
	35,211,330	80,251,616	31,458,243
	38,211,330	95,851,616	39,658,243

Notes to the Financial Statements (cont'd)
31 December 2018

3. Investments (cont'd)

(c) Details of investments

2018 i-Makmur fund	Quantity held	Cost RM	Market value RM	Market value as a % of NAV (%)
FVTPL				
Government Investment Issues				
Government Investment Issues	700,000	701,351	704,270	1.33%
Government Investment Issues	5,000,000	4,978,550	4,937,400	9.33%
Government Investment Issues	1,500,000	1,491,330	1,497,000	2.83%
Total Government Investment Issues	7,200,000	7,171,231	7,138,670	13.49%
Unquoted Islamic Private Debt Securities				
Construction				
WCT Holdings Berhad	1,500,000	1,504,305	1,519,830	2.87%
WCT Holdings Berhad	1,500,000	1,504,890	1,502,400	2.84%
WCT Holdings Berhad	3,000,000	3,030,000	3,033,660	5.73%
Total Construction	6,000,000	6,039,195	6,055,890	11.44%
Financial				
Purple Boulevard Bhd	1,500,000	1,495,695	1,543,365	2.92%
Affin Islamic Bank Berhad	5,000,000	5,000,000	5,094,100	9.63%
Amlslamic Bank Berhad	1,000,000	1,000,000	1,002,080	1.89%
Amlslamic Bank Berhad	500,000	503,470	501,040	0.95%
Bank Islam Malaysia Berhad	1,000,000	1,000,000	1,018,230	1.92%
Public Islamic Bank Bhd	10,000,000	10,008,000	10,015,900	18.93%
Total Financial	19,000,000	19,007,165	19,174,715	36.24%
Highway				
Projek Smart Holdings Sdn Bhd	800,000	804,240	696,088	1.32%
Total Highway	800,000	804,240	696,088	1.32%
Investment Holding				
Rantau Abang Capital Bhd	900,000	895,590	904,977	1.71%
Total Investment Holding	900,000	895,590	904,977	1.71%
Power				
Southern Power Generation	1,200,000	1,200,000	1,233,852	2.33%
Tadau Energy Sdn Bhd	2,500,000	2,538,100	2,638,950	4.99%
Total Power	3,700,000	3,738,100	3,872,802	7.32%

3. Investments (cont'd)

(c) Details of investments (cont'd)

2018 i-Makmur fund (cont'd)	Quantity held	Cost RM	Market value RM	Market value as a % of NAV (%)
FVTPL (cont'd)				
Unquoted Islamic Private Debt Securities (cont'd)				
Properties				
Putrajaya Holdings Sdn Bhd	2,600,000	2,600,000	2,622,958	4.96%
Total Properties	2,600,000	2,600,000	2,622,958	4.96%
Retail				
Mydin Mohamed Holdings	1,000,000	1,000,000	1,002,460	1.89%
Total Retail	1,000,000	1,000,000	1,002,460	1.89%
Telecommunications				
Samalaju Industrial Port	1,200,000	1,200,000	1,277,748	2.41%
Total Telecommunications	1,200,000	1,200,000	1,277,748	2.41%
Total Unquoted Islamic Private Debt Securities	35,200,000	35,284,290	35,607,638	67.29%
Total FVTPL	42,400,000	42,455,521	42,746,308	80.78%

Notes to the Financial Statements (cont'd)
31 December 2018

3. Investments (cont'd)

(c) Details of investments (cont'd)

2018 i-Mekar fund	Quantity held	Cost RM	Market value RM	Market value as a % of NAV (%)
FVTPL				
Quoted Shariah-approved Equities in Malaysia				
Agriculture & Mining				
Genting Plantations Bhd	96,200	909,410	948,532	0.79%
IOI Corporation Bhd	590,000	2,672,829	2,625,500	2.19%
Kuala Lumpur Kepong Bhd	163,900	4,014,893	4,051,608	3.38%
Sime Darby Plantation Bhd	713,170	3,816,300	3,394,689	2.83%
TA Ann Holdings Bhd	607,400	1,219,328	1,639,980	1.37%
Total Agriculture & Mining	2,170,670	12,632,760	12,660,309	10.56%
Building Materials				
Press Metal Aluminium Holdings	470,600	1,944,079	2,272,998	1.89%
Total Building Materials	470,600	1,944,079	2,272,998	1.89%
Conglomerate				
Cahaya Mata Sarawak Bhd	1,300,000	3,469,539	3,497,000	2.91%
Malaysian Resources Corporation	2,344,800	1,683,534	1,442,052	1.20%
Sime Darby Bhd	461,170	1,067,638	1,106,808	0.92%
Sunway Berhad	817,500	1,274,160	1,201,725	1.00%
Total Conglomerate	4,923,470	7,494,871	7,247,585	6.03%
Construction				
GDB Holdings Bhd	1,829,000	611,929	420,670	0.35%
Muhibbah Engineering (M) Bhd	421,400	1,203,334	1,175,706	0.98%
Vizione Holdings Bhd	1,678,571	1,589,850	1,435,178	1.20%
Total Construction	3,928,971	3,405,113	3,031,554	2.53%

3. Investments (cont'd)

(c) Details of investments (cont'd)

2018 i-Mekar fund (cont'd)	Quantity held	Cost RM	Market value RM	Market value as a % of NAV (%)
FVTPL (cont'd)				
Quoted Shariah-approved Equities in Malaysia (cont'd)				
Financial Services				
BIMB Holdings Bhd	492,500	1,853,372	1,753,300	1.46%
Total Financial Services	492,500	1,853,372	1,753,300	1.46%
IT Services				
Mexter Technology Bhd	1,912,400	813,809	736,274	0.61%
Total IT Services	1,912,400	813,809	736,274	0.61%
Infrastructure				
Lingkar Trans Kota Holdings	345,300	1,555,459	1,432,995	1.19%
Total Infrastructure	345,300	1,555,459	1,432,995	1.19%
Motor				
Bermaz Auto Bhd	1,369,900	2,939,785	2,945,285	2.45%
MBM Resources Bhd	996,400	2,222,849	2,192,080	1.83%
Tan Chong Motor Holdings Bhd	882,300	1,594,948	1,191,105	0.99%
UMW Holdings Bhd	454,800	2,600,354	2,487,756	2.07%
Total Motor	3,703,400	9,357,936	8,816,226	7.34%

Notes to the Financial Statements (cont'd)
31 December 2018

3. Investments (cont'd)

(c) Details of investments (cont'd)

2018 i-Mekar fund (cont'd)	Quantity held	Cost RM	Market value RM	Market value as a % of NAV (%)
FVTPL (cont'd)				
Quoted Shariah-approved Equities in Malaysia (cont'd)				
Oil & Gas				
Dialog Group Bhd	658,900	1,154,937	2,049,179	1.71%
Gas Malaysia Berhad	900,400	2,554,895	2,548,132	2.12%
Perdana Petroleum Bhd	982	-	211	0.00%
Petronas Chemicals Group Bhd	759,100	5,847,943	7,052,039	5.88%
Petronas Dagangan Bhd	122,800	3,004,702	3,254,200	2.71%
Petronas Gas Bhd	14,000	265,440	268,800	0.22%
Velesto Enerby Bhd	4,650,000	1,108,750	837,000	0.70%
Yinson Holdings Bhd	539,800	1,974,337	2,267,160	1.89%
Total Oil & Gas	7,645,982	15,911,004	18,276,721	15.23%
Others				
IHH Healthcare Berhad	581,000	3,387,962	3,131,590	2.61%
Total Others	581,000	3,387,962	3,131,590	2.61%
Others - Manufacturing				
ATA IMS Berhad	950,000	1,431,610	1,567,500	1.31%
Total Others - Manufacturing	950,000	1,431,610	1,567,500	1.31%
Property				
Gabungan AQRS Berhad	1,139,000	973,574	973,845	0.81%
LBS Bina Group Bhd	135,920	149,512	139,998	0.12%
Paramount Corporation Bhd	640,300	1,154,264	1,306,212	1.09%
S P Setia Bhd	385,000	1,208,764	897,050	0.75%
UEM Edgenta Bhd	969,100	2,922,512	2,635,952	2.20%
UOA Development Bhd	1,987,400	1,403,142	1,321,621	1.10%
Total Property	5,256,720	7,811,768	7,274,678	6.07%

3. Investments (cont'd)

(c) Details of investments (cont'd)

2018 i-Mekar fund (cont'd)	Quantity held	Cost RM	Market value RM	Market value as a % of NAV (%)
FVTPL (cont'd)				
Quoted Shariah-approved Equities in Malaysia (cont'd)				
Telecommunication				
Axiata Group Bhd	980,249	4,464,410	3,852,379	3.21%
Digi.Com Bhd	490,600	2,232,120	2,207,700	1.84%
Maxis Bhd	228,400	1,294,682	1,221,940	1.02%
OCK Group Berhad	2,457,000	2,060,736	1,044,225	0.87%
Time Dotcom Bhd	187,400	1,526,754	1,517,940	1.26%
Total Telecommunication	4,343,649	11,578,702	9,844,184	8.20%
Transport				
MISC Bhd	422,000	2,482,083	2,827,400	2.36%
Total Transport	422,000	2,482,083	2,827,400	2.36%
Utilities				
Cypark Resources Berhad	873,000	1,510,327	1,379,340	1.15%
Malakoff Corporation Berhad	1,494,300	1,226,750	1,195,440	1.00%
Ranhill Holdings Bhd	1,665,300	1,967,356	1,998,360	1.67%
Tenaga Nasional Bhd	691,800	10,096,744	9,408,480	7.84%
Total Utilities	4,724,400	14,801,177	13,981,620	11.66%
Total Quoted Shariah-approved Equities in Malaysia	41,871,062	96,461,705	94,854,934	79.05%

Notes to the Financial Statements (cont'd)
31 December 2018

3. Investments (cont'd)

(c) Details of investments (cont'd)

2018 i-Mekar fund (cont'd)	Quantity held	Cost RM	Market value RM	Market value as a % of NAV (%)
FVTPL (cont'd)				
Unit trusts - REITS				
Property				
AI-AQAR Healthcare REIT	549,400	780,480	719,714	0.60%
AXIS Real Estate Investment Trust	1,405,000	2,085,730	2,191,800	1.83%
KLCC Property & KLCC REITs	250,300	1,869,358	1,917,298	1.60%
Total Property	2,204,700	4,735,568	4,828,812	4.03%
Total Unit trusts - REITS	2,204,700	4,735,568	4,828,812	4.03%
Total FVTPL	44,075,762	101,197,273	99,683,746	83.08%

3. Investments (cont'd)

(c) Details of investments (cont'd)

2018 i-Majmuk fund	Quantity held	Cost RM	Market value RM	Market value as a % of NAV (%)
FVTPL				
Quoted Shariah-approved Equities in Malaysia				
Agriculture & Mining				
Genting Plantations Bhd	45,000	437,933	443,700	0.91%
IOI Corporation Bhd	160,000	689,696	712,000	1.46%
Sime Darby Plantation Bhd	200,000	1,026,946	952,000	1.95%
Total Agriculture & Mining	405,000	2,154,575	2,107,700	4.32%
Building Materials				
Press Metal Aluminium Holdings	85,000	177,948	410,550	0.84%
Total Building Materials	85,000	177,948	410,550	0.84%
Conglomerate				
Cahaya Mata Sarawak Bhd	200,000	778,685	538,000	1.10%
Malaysian Resources Corporation	350,000	223,265	215,250	0.44%
Sime Darby Bhd	200,000	436,673	480,000	0.98%
Total Conglomerate	750,000	1,438,623	1,233,250	2.52%
Financial Services				
BIMB Holdings Bhd	100,000	414,137	356,000	0.73%
Total Financial Services	100,000	414,137	356,000	0.73%
Construction				
Gamuda Berhad	240,000	986,202	561,600	1.15%
IJM Corporation Bhd	300,000	663,306	486,000	0.99%
JAKS Resources Bhd	180,000	214,200	86,400	0.18%
Muhibbah Engineering (M) Bhd	180,000	511,516	502,200	1.03%
Sunway Construction Group Bhd	360,000	606,006	478,800	0.98%
Vizione Holdings Bhd	257,142	225,000	219,856	0.45%
Total Construction	1,517,142	3,206,230	2,334,856	4.78%

Notes to the Financial Statements (cont'd)
31 December 2018

3. Investments (cont'd)

(c) Details of investments (cont'd)

2018 i-Majmuk fund (cont'd)	Quantity held	Cost RM	Market value RM	Market value as a % of NAV (%)
FVTPL (cont'd)				
Quoted Shariah-approved Equities in Malaysia (cont'd)				
IT Services				
Mexter Technology Bhd	450,000	204,750	173,250	0.35%
Total IT Services	450,000	204,750	173,250	0.35%
Motor				
Bermaz Auto Bhd	500,000	1,099,880	1,075,000	2.20%
MBM Resources Bhd	220,000	512,430	484,000	0.99%
UMW Holdings Bhd	200,000	1,002,637	1,094,000	2.24%
Total Motor	920,000	2,614,947	2,653,000	5.43%
Oil & Gas				
Dialog Group Bhd	356,000	545,740	1,107,160	2.26%
Gas Malaysia Berhad	350,000	988,746	990,500	2.02%
Perdana Petroleum Bhd	165	-	36	0.00%
Petronas Chemicals Group Bhd	180,000	1,434,044	1,672,200	3.42%
Petronas Dagangan Bhd	18,000	474,030	477,000	0.98%
Petronas Gas Bhd	25,000	471,955	480,000	0.98%
Velesto Energy Bhd	2,600,000	625,448	468,000	0.96%
Yinson Holdings Bhd	170,000	664,915	714,000	1.46%
Total Oil & Gas	3,699,165	5,204,878	5,908,896	12.08%
Others				
Fraser & Neave Holdings Bhd	8,000	242,236	268,000	0.55%
IHH Healthcare Bhd	160,000	888,527	862,400	1.76%
Total Others	168,000	1,130,763	1,130,400	2.31%
Property				
Paramount Corporation Bhd	120,000	220,449	244,800	0.50%
S P Setia Bhd	100,000	302,803	233,000	0.48%
Sime Darby Property Bhd	250,000	282,409	248,750	0.51%
UEM Edgenta Bhd	180,000	517,402	489,600	1.00%
Total Property	650,000	1,323,063	1,216,150	2.49%

3. Investments (cont'd)

(c) Details of investments (cont'd)

2018 i-Majmuk fund (cont'd)	Quantity held	Cost RM	Market value RM	Market value as a % of NAV (%)
FVTPL (cont'd)				
Quoted Shariah-approved Equities in Malaysia (cont'd)				
Technology				
Inari Amertron Bhd	150,000	246,000	225,000	0.46%
Total Technology	150,000	246,000	225,000	0.46%
Telecommunication				
Axiata Group Bhd	300,000	1,436,018	1,179,000	2.41%
Digi.Com Bhd	165,000	694,725	742,500	1.52%
Maxis Bhd	150,000	786,765	802,500	1.64%
OCK Group Berhad	930,000	765,204	395,250	0.81%
Telekom Malaysia Bhd	120,000	654,005	319,200	0.65%
Total Telecommunication	1,665,000	4,336,717	3,438,450	7.03%
Trading & Retailing				
PADINI Holdings Berhad	70,000	259,758	245,700	0.50%
Total Trading & Retailing	70,000	259,758	245,700	0.50%
Transport				
MISC Bhd	120,000	714,734	804,000	1.64%
Total Transport	120,000	714,734	804,000	1.64%
Utilities				
Cypark Resources Berhad	450,000	692,104	711,000	1.45%
Malakoff Corporation Berhad	600,000	502,554	480,000	0.98%
Tenaga Nasional Bhd	250,000	3,481,317	3,400,000	6.95%
Total Utilities	1,300,000	4,675,975	4,591,000	9.38%
Total Quoted Shariah-approved Equities in Malaysia	12,049,307	28,103,098	26,828,202	54.86%

Notes to the Financial Statements (cont'd)
31 December 2018

3. Investments (cont'd)

(c) Details of investments (cont'd)

2018 i-Majmuk fund (cont'd)	Quantity held	Cost RM	Market value RM	Market value as a % of NAV (%)
FVTPL (cont'd)				
Financial Instruments with Embedded Derivatives				
Telecommunication				
Protasco Bhd	130,525	-	5,874	0.01%
Total Telecommunication	130,525	-	5,874	0.01%
Total Financial Instruments with Embedded Derivatives	130,525	-	5,874	0.01%
Unit trusts - REITS				
Property				
AXIS Real Estate Investment Trust	300,000	438,000	468,000	0.96%
Total Property	300,000	438,000	468,000	0.96%
Total Unit trusts - REITS	300,000	438,000	468,000	0.96%
Government Investment Issues				
Government Investment Issues	1,000,000	1,044,500	1,021,650	2.09%
Total Government Investment Issues	1,000,000	1,044,500	1,021,650	2.09%
Unquoted Islamic Private Debt Securities				
Highway				
Lebuhraya Duke Fasa 3 Sdn Bhd	2,000,000	2,125,400	2,110,640	4.31%
Total Highway	2,000,000	2,125,400	2,110,640	4.31%
Property				
Putrajaya Holdings Sdn Bhd	1,000,000	1,000,000	1,000,270	2.04%
Total Property	1,000,000	1,000,000	1,000,270	2.04%
Total Unquoted Islamic Private Debt Securities	3,000,000	3,125,400	3,110,910	6.35%
Total FVTPL	16,479,832	32,710,998	31,434,636	64.27%

4. Deferred Tax Liabilities/(Assets)

	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
2018			
At 1 January 2018	14,497	594,458	212,697
Recognised in the statements of income and expenditure (Note 9)	11,371	(715,438)	(314,806)
At 31 December 2018	25,868	(120,980)	(102,109)
	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
2017			
At 1 January 2017	30,555	148,318	50,125
Recognised in the statements of income and expenditure (Note 9)	(16,058)	446,140	162,572
At 31 December 2017	14,497	594,458	212,697

The deferred tax liabilities relate to the unrealised gains on investments of the Funds.

Notes to the Financial Statements (cont'd)
31 December 2018

5. Unitholders' Accounts

	2018	
i-Makmur fund	No. of Units	RM
Amount received for creations during the year	9,857,973	16,633,462
Amount paid for cancellations during the year	(2,544,447)	(4,293,272)
	7,313,526	12,340,190
Unitholders' account brought forward	25,329,967	38,501,090
Net income for the year	-	2,068,980
At end of the year	<u>32,643,493</u>	<u>52,910,260</u>
Net asset value per unit at 31 December 2018		<u>1.621</u>

	2017	
i-Makmur fund	No. of Units	RM
Amount received for creations during the year	7,443,102	10,982,295
Amount paid for cancellations during the year	(3,082,281)	(4,547,905)
	4,360,821	6,434,390
Unitholders' account brought forward	20,969,146	30,645,221
Net income for the year	-	1,421,479
At end of the year	<u>25,329,967</u>	<u>38,501,090</u>
Net asset value per unit at 31 December 2017		<u>1.520</u>

5. Unitholders' Accounts (cont'd)

	2018	
i-Mekar fund	No. of Units	RM
Amount received for creations during the year	31,626,590	49,282,889
Amount paid for cancellations during the year	(6,144,954)	(9,575,521)
	25,481,636	39,707,368
Unitholders' account brought forward	57,005,278	93,324,657
Net loss for the year	–	(13,036,009)
At end of the year	82,486,914	119,996,016
Net asset value per unit at 31 December 2018		1.455

	2017	
i-Mekar fund	No. of Units	RM
Amount received for creations during the year	19,532,061	32,344,954
Amount paid for cancellations during the year	(3,459,774)	(5,729,361)
	16,072,287	26,615,593
Unitholders' account brought forward	40,932,991	59,186,668
Net income for the year	–	7,522,396
At end of the year	57,005,278	93,324,657
Net asset value per unit at 31 December 2017		1.637

Notes to the Financial Statements (cont'd)
31 December 2018**5. Unitholders' Accounts** (cont'd)

	2018	
i-Majmuk fund	No. of Units	RM
Amount received for creations during the year	10,479,059	15,039,630
Amount paid for cancellations during the year	(1,980,080)	(2,841,827)
	8,498,979	12,197,803
Unitholders' account brought forward	26,874,550	38,795,940
Net loss for the year	–	(2,073,205)
At end of the year	<u>35,373,529</u>	<u>48,920,538</u>
Net asset value per unit at 31 December 2018		<u>1.383</u>
		2017
i-Majmuk fund	No. of Units	RM
Amount received for creations during the year	7,787,060	11,661,061
Amount paid for cancellations during the year	(1,423,322)	(2,131,413)
	6,363,738	9,529,648
Unitholders' account brought forward	20,510,812	26,458,573
Net income for the year	–	2,807,719
At end of the year	<u>26,874,550</u>	<u>38,795,940</u>
Net asset value per unit at 31 December 2017		<u>1.444</u>

6. Other Receivables

	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
2018			
Amount due from shareholders' fund*	679,226	-	347,793
Amount due from family takaful fund*	1,247,158	693,500	-
Profits receivable	503,833	241,608	134,120
Sundry receivables	-	355,189	652,326
	2,430,217	1,290,297	1,134,239
2017			
Amount due from shareholders' fund*	869,926	-	-
Amount due from family takaful fund*	-	-	180,858
Profits receivable	457,141	277,644	194,932
Sundry receivables	-	354,074	528,954
	1,327,067	631,718	904,744

* The amount due from shareholders' fund and family takaful fund are trade in nature, unsecured, profit-free and repayable on demand.

Notes to the Financial Statements (cont'd)
31 December 2018**7. Other Payables**

	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
2018			
Amount due to shareholders' fund*	-	1,835,127	-
Amount due to family takaful fund*	-	-	1,335,437
Sundry creditors	1,098,332	3,211,887	2,168,261
	<u>1,098,332</u>	<u>5,047,014</u>	<u>3,503,698</u>
	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
2017			
Amount due to shareholders' fund*	-	536,371	1,264,589
Amount due to family takaful fund*	95,623	823,632	-
Sundry creditors	888,851	1,318,365	332,212
	<u>984,474</u>	<u>2,678,368</u>	<u>1,596,801</u>

* The amount due to shareholders' fund and family takaful fund are trade in nature, unsecured, profit-free and repayable on demand.

8. Other Outgo

	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
2018			
Audit fee	2,715	6,618	2,733
Goods and services tax	269,132	966,017	299,946
Other expenses	752	2,099	1,463
	<hr/>	<hr/>	<hr/>
	272,599	974,734	304,142
	<hr/>	<hr/>	<hr/>
	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
2017			
Audit fee	2,917	6,322	2,728
Goods and services tax	566,894	1,972,963	627,781
Other expenses	392	1,414	841
	<hr/>	<hr/>	<hr/>
	570,203	1,980,699	631,350
	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements (cont'd)
31 December 2018

9. Taxation

The Malaysian tax charge on family takaful business (including investment-linked business) is based on the method prescribed under the Income Tax Act, 1967 for family takaful business. The tax rate for family takaful business is 8% (2017: 8%) and is charged on investment income net of allowable deductions for the year.

	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
2018			
Income tax:			
Current year provision	192,817	(562,618)	84,961
Under provision in prior year	6,546	99,074	36,404
	<u>199,363</u>	<u>(463,544)</u>	<u>121,365</u>
Deferred tax (Note 4):			
Relating to origination and reversal of temporary differences	11,371	(715,438)	(314,806)
	<u>11,371</u>	<u>(715,438)</u>	<u>(314,806)</u>
	<u>210,734</u>	<u>(1,178,982)</u>	<u>(193,441)</u>

A reconciliation of income tax expense applicable to the excess of income over outgo/(outgo over income) before taxation at the tax rate applicable to the Funds, to tax expense at the effective tax rate is as follows:

	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
2018			
Excess of income over outgo/ (Excess of outgo over income) taxation income	2,279,714	(14,214,991)	(2,266,646)
Tax rate of 8%	182,377	(1,137,199)	(181,332)
Income not subject to tax	-	(218,841)	(72,843)
Expenses not deductible for tax purposes	21,811	77,984	24,330
Under provision in prior year	6,546	99,074	36,404
	<u>210,734</u>	<u>(1,178,982)</u>	<u>(193,441)</u>

9. Taxation (cont'd)

	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
2017			
Income tax:			
Current year provision	188,190	225,310	82,246
(Over)/under provision in prior year	(12,151)	44,891	14,175
	<u>176,039</u>	<u>270,201</u>	<u>96,421</u>
Deferred tax (Note 4):			
Relating to origination and reversal of temporary differences	(16,058)	446,140	162,572
	<u>(16,058)</u>	<u>446,140</u>	<u>162,572</u>
	<u>159,981</u>	<u>716,341</u>	<u>258,993</u>

A reconciliation of income tax expense applicable to the excess of income over outgo/(outgo over income) before taxation at the tax rate applicable to the Funds, to tax expense at the effective tax rate is as follows:

	i-Makmur fund RM	i-Mekar fund RM	i-Majmuk fund RM
2017			
Excess of income over outgo before taxation	1,581,460	8,238,737	3,066,712
Tax rate of 8%	126,517	659,099	245,337
Income not subject to tax	-	(146,111)	(51,027)
Expenses not deductible for tax purposes	45,615	158,462	50,508
(Over)/under provision in prior year	(12,151)	44,891	14,175
	<u>159,981</u>	<u>716,341</u>	<u>258,993</u>



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